

AMENDED IN ASSEMBLY MAY 14, 2001
AMENDED IN ASSEMBLY MARCH 28, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1180

Introduced by Assembly Member Calderon

February 23, 2001

An act to amend Sections 678.1 and 11664 of, and to add Sections 679.7 and 11663.5 to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1180, as amended, Calderon. Insurance.

Existing law requires an insurer with respect to commercial insurance, as defined, and workers' compensation insurance to give the insured a written notice of nonrenewal of the policy. Existing law also requires the insurer to provide, upon the request of the insured or the agent or broker of record, a premium and loss history report for the account's tenure or the past 3 years, whichever is shorter, plus loss experience during the current policy year, within 10 business days from the receipt of the request.

This bill would instead require that the insurer provide the premium and loss history report with respect to certain policies of commercial insurance and workers' compensation upon the request of the insured *or the agent or broker of record where authorized by the insured*, irrespective of nonrenewal. The bill would also ~~delete~~ *provide that* the requirement that the insurer furnish the insured with the loss experience ~~during covers the current policy year period~~, *but that the requirement does not apply except under specified conditions*.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 678.1 of the Insurance Code is amended
2 to read:
3 678.1. (a) This section applies only to policies of insurance
4 of commercial insurance that are subject to Sections 675.5 and
5 676.6.
6 (b) A notice of nonrenewal shall be in writing and shall be
7 delivered or mailed to the producer of record and to the named
8 insured at the mailing address shown on the policy. Subdivision (a)
9 of Section 1013 of the Code of Civil Procedure shall be applicable
10 if the notice is mailed.
11 (c) An insurer, at least 60 days, but not more than 120 days, in
12 advance of the end of the policy period, shall give notice of
13 nonrenewal, and the reasons for the nonrenewal, if the insurer
14 intends not to renew the policy, or to condition renewal upon
15 reduction of limits, elimination of coverages, increase in
16 deductibles, or increase of more than 25 percent in the rate upon
17 which the premium is based.
18 (d) If an insurer fails to give timely notice required by
19 subdivision (c), the policy of insurance shall be continued, with no
20 change in its terms or conditions, for a period of 60 days after the
21 insurer gives the notice.
22 (e) With respect to policies defined in subdivision (b) of
23 Section 676.6, in addition to the bases for conditional renewal set
24 forth in subdivision (c), an insurer may also condition renewal
25 upon requirements relating to the underlying policy or policies. If
26 the requirements are not satisfied as of (1) the expiration date of
27 the policy, or (2) 30 days after mailing or delivery of such notice,
28 whichever is later, the conditional renewal notice shall be treated
29 as an effective notice of nonrenewal, providing the insurer has sent
30 written confirmation to the first named insured and the producer
31 of record that the conditions were not met and that coverage ceased
32 at the expiration date shown in the expiring policy.
33 (f) A notice of nonrenewal shall not be required in any of the
34 following situations:



(1) The transfer of, or renewal of, a policy without a change in its terms or conditions or the rate on which the premium is based between insurers that are members of the same insurance group.

(2) The policy has been extended for 90 days or less, if the notice required in subdivision (c) has been given prior to the extension.

(3) The named insured has obtained replacement coverage or has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

(4) The policy is for a period of no more than 60 days and the insured is notified at the time of issuance that it may not be renewed.

(5) The named insured requests a change in the terms or conditions or risks covered by the policy within 60 days prior to the end of the policy period.

(6) The insurer has made a written offer to the insured, within the time period specified in subdivision (c), to renew the policy under changed terms or conditions or at a changed premium rate. As used herein, “terms or conditions” includes, but is not limited to, a reduction in limits, elimination of coverages, or an increase in deductibles.

SEC. 2. Section 679.7 is added to the Insurance Code, to read:

679.7. (a) Upon receiving a written request from an insured *or the agent or broker of record where authorized by the insured*, an insurer shall provide a premium and loss history report for the account’s tenure or the ~~past three years~~ *three-year period ending with the inception of the current policy period*, whichever is shorter. ~~This, plus loss experience during the current policy period that is in force if any of the following occur:~~

(1) *The policy is canceled or nonrenewed.*

(2) *The policyholder requests the information within 60 days prior to the renewal date of an existing policy.*

(3) *The policyholder’s current insurer’s rating is down-rated by a nationally recognized rating service.*

(4) *The policyholder’s current insurer is conserved by the department.*

(5) *The policyholder’s current insurer is under the supervision of the department.*

The loss history report shall be provided within 10 business days of receiving the request.

(b) This section applies only to policies of commercial insurance that are subject to Sections 675.5 and 676.6, except for professional liability insurance.

(c) *This section shall not apply to a policyholder who, through automated or other means, is provided direct, ongoing access to claims information by the insurer.*

(d) *For purposes of this section, a loss history report includes, but is not limited to, a list of individual claims detailed by date of claim and incurred and paid losses.*

SEC. 3. Section 11663.5 is added to the Insurance Code, to read:

11663.5. (a) Upon receiving a written request from an insured or the agent or broker of record where authorized by the insured, an insurer shall provide a premium and loss history report for the account's tenure or the ~~past three years~~ *three-year period ending with the inception of the current policy period, whichever is shorter. This, plus loss experience during the current policy period that is in force if any of the following occur:*

(1) *The policy is canceled or nonrenewed.*

(2) *The policyholder requests the information within 60 days prior to the renewal date of an existing policy.*

(3) *The policyholder's current insurer's rating is down-rated by a nationally recognized rating service.*

(4) *The policyholder's current insurer is conserved by the department.*

(5) *The policyholder's current insurer is under the supervision of the department.*

The loss history report shall be provided within 10 business days of receiving the request.

(b) This section applies only to workers' compensation insurance.

(c) *This section shall not apply to a policyholder who, through automated or other means, is provided direct, ongoing access to claims information by the insurer.*

(d) *For purposes of this section, a loss history report includes, but is not limited to, a list of individual claims detailed by date of claim and incurred and paid losses.*

SEC. 4. Section 11664 of the Insurance Code is amended to read:

1 11664. (a) This section applies only to policies of workers'
2 compensation insurance.

3 (b) A notice of nonrenewal shall be in writing and shall be
4 delivered or mailed to the producer of record and to the named
5 insured at the mailing address shown on the policy. Subdivision (a)
6 of Section 1013 of the Code of Civil Procedure shall be applicable
7 if the notice is mailed.

8 (c) An insurer, at least 30 days, but not more than 120 days, in
9 advance of the end of the policy period, shall give notice of
10 nonrenewal, and the reasons for the nonrenewal, if the insurer
11 intends not to renew the policy.

12 (d) If an insurer fails to give timely notice required by
13 subdivision (c), the policy of insurance shall be continued, with no
14 change in its premium rate, for a period of 60 days after the insurer
15 gives the notice.

16 (e) A notice of nonrenewal shall not be required in any of the
17 following situations:

18 (1) The transfer of, or renewal of, a policy without a change in
19 its terms or conditions or the rate on which the premium is based
20 between insurers that are members of the same insurance group.

21 (2) The policy has been extended for 90 days or less, if the
22 notice required in subdivision (c) has been given prior to the
23 extension.

24 (3) The named insured has obtained replacement coverage or
25 has agreed, in writing, within 60 days of the termination of the
26 policy, to obtain that coverage.

27 (4) The policy is for a period of no more than 60 days and the
28 insured is notified at the time of issuance that it may not be
29 renewed.

30 (5) The named insured requests a change in the terms or
31 conditions or risks covered by the policy within 60 days prior to
32 the end of the policy period.

33 (6) The insurer has made a written offer to the insured to renew
34 the policy at a premium rate increase of less than 25 percent.

35 (A) If the premium rate in the governing classification for the
36 insured is to be increased 25 percent or greater and the insurer
37 intends to renew the policy, the insurer shall provide a written
38 notice of a renewal offer not less than 30 days prior to the policy
39 renewal date. The governing classification shall be determined by

1 the rules and regulations established in accordance with
2 subdivision (c) of Section 11750.3.
3 (B) For purposes of this section, “premium rate” means the
4 cost of insurance per unit of exposure prior to the application of
5 individual risk variations based on loss or expense considerations
6 such as scheduled rating and experience rating.

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